

Audit



Report

OFFICE OF THE INSPECTOR GENERAL

DEFENSE BASE REALIGNMENT AND CLOSURE
BUDGET DATA FOR THE MEDICAL AND DENTAL
CLINIC EXPANSION PROJECT AT NAVAL WEAPONS
STATION CHARLESTON, SOUTH CAROLINA

Report No. 96-118

May 13, 1996

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Department of Defense

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Acronyms

BRAC
MILCON

Base Realignment and Closure
Military Construction



INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
400 ARMY NAVY DRIVE
ARLINGTON, VIRGINIA 22202-2884



Report No. 96-118

May 13, 1996

**MEMORANDUM FOR ASSISTANT SECRETARY OF THE NAVY (FINANCIAL
MANAGEMENT AND COMPTROLLER)**

**SUBJECT: Audit of Defense Base Realignment and Closure Budget Data for the
Medical and Dental Clinic Expansion Project at Naval Weapons Station
Charleston, South Carolina (Project 6CG-5001.06)**

Introduction

We are providing this report for your information and use. The audit was required by Public Law 102-190, "National Defense Authorization Act for Fiscal Years 1992 and 1993," December 5, 1991. Enclosure 1 provides details on the history of the Defense base realignment and closure (BRAC) process and on our auditing and reporting requirements.

This report is one in a series of reports about FY 1997 BRAC military construction (MILCON) costs. The report provides the results of the audit of a \$3.5 million project for the expansion of the existing medical clinic and the construction of a separate dental clinic at Naval Weapons Station Charleston (the Naval Weapons Station), South Carolina.

Audit Results

Project P-019U, "Medical/Dental Clinic Expansion," is a valid BRAC project. The Navy properly programmed requirements and estimates for project P-019U. The Navy based project requirements on the transfer of the Naval Nuclear Power Training Command from the Naval Training Center (the Naval Training Center), Orlando, Florida, to the Naval Weapons Station. Project estimates were supported by adequate cost data and consideration of existing facilities.

Audit Objectives

The overall audit objective was to determine the accuracy of BRAC MILCON budget data. The specific objectives were to determine whether the proposed project was a valid BRAC requirement, whether the decision for MILCON was supported with required documentation including an economic analysis, and whether the economic analysis considered existing facilities. Another objective was to assess the adequacy of the management control program as it applied to the overall audit objective. We did not assess the management control program as part of this audit, because it will be addressed in a summary report on FY 1997 BRAC MILCON budget data.

Scope and Methodology

Scope and Methodology of This Audit. We examined the FY 1997 BRAC MILCON budget request and supporting documentation for space requirements for project P-019U regarding the transfer of the Naval Nuclear Power Training Command from the Naval Training Center to the Naval Weapons Station. We determined if the project was based on BRAC requirements by comparing current requirements with increased requirements due to the transfer. We analyzed project costs using established Navy space criteria. We examined the use of existing facilities as an alternative to construction. We reviewed documentation dating from May 1989 through March 1996. We did not use computer-processed data or statistical sampling procedures to conduct the audit. See Enclosure 1 for additional information on the overall scope of the audit of BRAC MILCON costs.

Audit Period, Standards, and Locations. This economy and efficiency audit was conducted from January through March 1996 in accordance with auditing standards issued by the Comptroller General of the United States as implemented by the Inspector General, DoD. Enclosure 3 lists the organizations visited or contacted during the audit.

Prior Audits and Other Reviews

Since 1991, numerous reports have addressed DoD BRAC issues. Enclosure 2 lists the DoD summary reports and reports issued since the most recent summary report.

Audit Background

Project P-019U was developed as a result of the 1995 Commission on Defense Base Closure and Realignment recommendation that transferred the Naval Nuclear Power Training Command from the Naval Training Center to the Naval Weapons Station. The recommendation redirected a 1993 recommendation to transfer the Naval Nuclear Power Training Command from the Naval Training Center to the Naval Submarine Base New London, Connecticut. The existing medical and dental clinics at the Naval Weapons Station share a 10,807-square foot building. Dental clinic capacity is augmented by the use of two temporary trailers located on-site. The project will increase medical and dental facilities to support the transfer of the active duty personnel of the Naval Nuclear Power Training Command.

Discussion

Project P-019U, estimated to cost \$3.5 million, is for construction of a 8,700-square foot facility. The project will provide a separate dental clinic to consolidate the existing dental capacity with increased dental space required due

to the transfer of the Naval Nuclear Power Training Command. The project will also expand the current medical clinic into the 975-square feet of space to be vacated by the existing dental clinic.

Valid BRAC Requirement. The proposed increased medical space and new dental clinic were valid BRAC requirements and consistent with established criteria. The project was based on the estimated increase of about 3,300 active duty personnel by FY 2000 associated with the relocation of the Naval Nuclear Power Training Command. Project requirements were consistent with criteria established in Naval Facility Publication P-80, "Facility Planning Criteria for Navy and Marine Corps Shore Installations," March 1995.

Adequacy of Project Requirement Documentation. Project estimates were adequately supported. The DD Form 1391, "Military Construction Project Data" included updated cost data. The Navy did not develop an economic analysis due to the lack of alternatives available to satisfy the increased demand of medical and dental services. For example, the proximity of wetlands and existing parking space precluded the expansion of the current facility.

Consideration of Existing Facilities. Existing facilities were not available to support the increase in medical and dental requirements. However, the decision process used to exclude other alternatives was adequately documented in minutes to meetings and in correspondence in the project files. We agree that the proposed BRAC MILCON project is the best alternative for providing required medical and dental services.

Management Comments

We provided a draft of this report to you on April 9, 1996. Because the report contains no findings or recommendations, written comments were not required, and none were received. Therefore, we are publishing this memorandum report in final form.

We appreciate the courtesies extended to the audit staff. For additional information on this report, please contact Mr. Michael A. Joseph, Audit Program Director, or Mr. James A. O'Connell, Senior Auditor, at (804) 766-2703. Enclosure 4 lists the report distribution. The audit team members are listed inside the back cover.



Robert J. Lieberman
Assistant Inspector General
for Auditing

Enclosures

Background of Defense Base Realignment and Closure and Scope of the Audit of FY 1997 Defense Base Realignment and Closure Military Construction Costs

Commission on Defense Base Closure and Realignment. On May 3, 1988, the Secretary of Defense chartered the Commission on Defense Base Closure and Realignment (the Commission) to recommend military installations for realignment and closure. Congress passed Public Law 100-526, "Defense Authorization Amendments and Base Closure and Realignment Act," October 24, 1988, which enacted the Commission's recommendations. The law also established the Defense Base Closure Account to fund any necessary facility renovation or MILCON projects associated with BRAC. Public Law 101-510, "Defense Base Closure and Realignment Act of 1990," November 5, 1990, reestablished the Commission. The law also chartered the Commission to meet during calendar years 1991, 1993, and 1995 to verify that the process for realigning and closing military installations was timely and independent. In addition, the law stipulates that realignment and closure actions must be completed within 6 years after the President transmits the recommendations to Congress.

Required Defense Reviews of BRAC Estimates. Public Law 102-190, "National Defense Authorization Act for Fiscal Years 1992 and 1993," December 5, 1991, states that the Secretary of Defense shall ensure that the authorization amount that DoD requested for each MILCON project associated with BRAC actions does not exceed the original estimated cost provided to the Commission. Public Law 102-190 also states that the Inspector General, DoD, must evaluate significant increases in BRAC MILCON project costs over the estimated costs provided to the Commission and send a report to the congressional Defense committees.

Military Department BRAC Cost-Estimating Process. To develop cost estimates for the Commission, the Military Departments used the Cost of Base Realignment Actions computer model. The Cost of Base Realignment Actions computer model uses standard cost factors to convert the suggested BRAC options into dollar values to provide a way to compare the different options. After the President and Congress approve the BRAC actions, DoD realigning activity officials prepare a DD Form 1391, "FY 1997 Military Construction Project Data," for each individual MILCON project required to accomplish the realigning actions. The Cost of Base Realignment Actions computer model provides cost estimates as a realignment and closure package for a particular realigning or closing base. The DD Form 1391 provides specific cost estimates for an individual BRAC MILCON project.

Limitations and Expansion to Overall Audit Scope. Because the Cost of Base Realignment Actions computer model develops cost estimates as a BRAC package and not for individual BRAC MILCON projects, we were unable to determine the amount of cost increases for each individual BRAC MILCON

Background of Defense Base Realignment and Closure and Scope of the Audit of FY 1997 Defense Base Realignment and Closure Military Construction Costs

project. Additionally, because of prior audit efforts that determined potential problems with all BRAC MILCON projects, our audit objectives included all large BRAC MILCON projects.

Overall Audit Selection Process. We reviewed the FY 1997 BRAC MILCON \$820.8 million budget submitted by the Military Departments and the Defense Logistics Agency. We excluded projects that were previously reviewed by DoD audit organizations. We grouped the remaining BRAC MILCON projects by location and selected groups of projects that totaled at least \$1 million for each group. We also reviewed those FY 1996 BRAC MILCON projects that were not included in the previous FY 1996 budget submission, but were added as part of the FY 1997 BRAC MILCON budget package.

Summary of Prior Audits and Other Reviews

Since 1991, numerous audit reports have addressed DoD BRAC issues. This enclosure lists the summary reports for the audits of BRAC budget data for FYs 1992 through 1996 and BRAC audit reports published since the most recent summary report.

Inspector General, DoD

<u>Report No.</u>	<u>Report Title</u>	<u>Date</u>
96-108	Defense Base Realignment and Closure Budget Data for the Naval Shipyard, Philadelphia, Pennsylvania	May 6, 1996
96-104	Defense Base Realignment and Closure Budget Data for the Construction of the Overwater Antenna Test Range Facility at Newport, Rhode Island	April 26, 1996
96-101	Defense Base Realignment and Closure Budget Data for the Closure of Naval Air Station Barbers Point, Hawaii, and Realignment of P-3 Aircraft Squadrons to Naval Air Station Whidbey Island, Washington	April 26, 1996
96-093	Summary Report on the Audit of Defense Base Realignment and Closure Budget Data for FYs 1995 and 1996	April 3, 1996
94-040	Summary Report on the Audit of Defense Base Closure and Realignment Budget Data for FYs 1993 and 1994	February 14, 1994
93-100	Summary Report on the Audit of Defense Base Closure and Realignment Budget Data for Fiscal Years 1992 and 1993	May 25, 1993

Organizations Visited or Contacted

Office of the Secretary of Defense

Assistant Secretary of Defense (Health Affairs), Washington, DC
Defense Medical Facilities Office, Falls Church, VA
Office of Health Services Analysis and Measurement Directorate, Falls Church, VA

Department of the Navy

Chief of Naval Education and Training
Office of the Chief, Bureau of Medicine and Surgery, Washington, DC
Naval Health Care Support Office, Jacksonville, FL
Naval Hospital, Charleston, SC
Naval Branch Clinic, Naval Weapons Station Charleston, SC
Naval Facilities Engineering Command, Charleston, SC

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House Subcommittee on National Security, Committee on Appropriations
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House Committee on National Security

Honorable Ernest F. Hollings, U.S. Senate
Honorable Strom Thurmond, U.S. Senate
Honorable Mark Sanford, U.S. House of Representatives

Audit Team Members

This report was prepared by the Logistics Support Directorate, Office of the Assistant Inspector General for Auditing, DoD.

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A . Report Title: Defense Base Realignment and Closure Budget Data for the Medical and Dental Clinic Expansion Project at Naval Weapons Station Charleston, South Carolina

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